

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Special Meeting

July 29, 2004
11:30 a.m.

Conference Room 4 A/B – City Hall
Bellevue, Washington

PRESENT: Deputy Mayor Noble and Councilmembers Balducci, Chelminiak, Davidson, Degginger, and Lee

ABSENT: Mayor Marshall

1. Bond purchase contract with Seattle-Northwest Securities Corporation for Waterworks Utility Revenue Refunding Bonds

Ordinance No. 5536 of the City of Bellevue, Washington, authorizing the issuance and sale of \$6,825,000 principal amount of waterworks utility revenue refunding bonds to provide a portion of the funds necessary to refund the City's outstanding waterworks utility revenue bonds and to pay cost of issuing the bonds and fixing the form, terms, and covenants of the bonds.

(Discussed with Council during the July 26, 2004, Extended Study Session.)

Deputy Mayor Noble called the meeting to order at 11:32 a.m.

Finance Director Jan Hawn reported on the sale of bonds this morning, stating it was a successful day in the market. The City received nine bids. The winning bid submitted by Seattle-Northwest Securities Corporation came in with a true interest cost of 2.84 percent, significantly lower than previous estimates. The estimated savings is approximately \$650,000 or 9.5 percent of the refunding bonds. Ms. Hawn said the City maintained its Aa2 rating for the utility revenue bonds, and due to insurance the bonds were actually Aaa by default.

Responding to Councilmember Lee, Jay Reich, representing Preston, Gates & Ellis, explained the underwriter actually submitted a bid with a premium and indicated that, because the City did not need the additional funds, the bond size was reduced to \$6,825,000. Mr. Reich said the proposed ordinance was essentially the same as the version printed in the July 26, 2004 City Council packet with the actual numbers inserted based on the results of the sale.

Responding to Deputy Mayor Noble, Mr. Reich said the City purchased bond insurance because the total cost of the bonds was lower with insurance than they would have been without insurance.

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Responding to Deputy Mayor Noble, Ms. Hawn explained that the City's underlying bond rating for general obligation bonds is Aaa, but Aa2 for revenue bonds.

- ➡ Councilmember Noble moved to approve Ordinance No. 5536, and Councilmember Davidson seconded the motion.
- ➡ The motion to approve Ordinance No. 5536 carried by a vote of 6-0.

Deputy Mayor Noble declared the meeting adjourned at 11:47 a.m.

Michelle Murphy
Deputy City Clerk

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